

# Environment

Recognizing that responding to climate change, which has a major impact on the environment, society and business activities, is an important issue, JAPAN POST BANK announced its agreement with the TCFD\*1 Recommendations in April 2019. Since then, the Bank has incorporated various initiatives into its management strategies, increasing the level of its response to climate change. Details of our climate change response that accords with the TCFD Recommendations are outlined below.

\*1 Abbreviation of Task Force on Climate-related Financial Disclosures. An organization established at the proposal of the Financial Stability Board for the purpose of thoroughly realizing corporate information disclosure pertaining to climate change, in which the representatives of the central banks and financial supervisory authorities, etc., of key nations participate.



## Governance

- The JAPAN POST BANK governance system is constructed in such a way that, under the leadership of the Sustainability Management Office, Corporate Planning Department, the Bank debates and reports on climate change action policies and initiative statuses to the Sustainability Committee, Executive Committee, and the Board of Directors, through which the Board of Directors supervises the Bank's standing in our response to climate change risks and opportunities.
- Along with establishing priority issues (materiality) and target KPI regarding climate change in the Medium-term Management Plan (FY2022/3 to FY2026/3), the Bank has stated as part of the Plan our intention to address climate change in unison with the management strategies.
- JAPAN POST BANK has incorporated the status of ESG management promotion, which includes addressing

- climate change, as an evaluation indicator for executive compensation.
- The Bank conducts various training activities in an effort to ensure that each employee understands and practices initiatives intended to promote sustainability in accordance with their individual duties.
- To contribute to a sustainable society and achieve net zero, we participate in various international initiatives and focus on strengthening our collaboration with stakeholders.



## Strategy

JAPAN POST BANK has identified the risks and opportunities related to climate change as follows.

Risks and Opportunities	Details	Period*2	Financial Impact*3
Physical Risks	• Damage to the Bank's assets such as ATMs due to natural disasters, etc., and an increase in the credit risk of investee companies.	Short term	Small
Transition Risks	• Securities holdings of the companies in which JAPAN POST BANK is investing (companies that are greatly affected by environmental regulations) will suffer a decline in value due to a tightening of regulations.	Medium to long term	Medium
Opportunities	• Improvements in capital markets and society's evaluations owing to steps by the Bank to take appropriate measures and make disclosures related to climate-related issues. • Financing opportunities for renewable energy businesses and green bond investment opportunities will increase.	Short to long term	Medium

\*2 The period until the relevant risks and opportunities occur or manifest. Short-term: Less than 1 year, Medium-term: 1 year to less than 3 years, Long-term: 3 years or more  
\*3 Financial Impact on B/S and P/L: Small: Less than ¥1 billion per year, Medium: ¥1 billion to less than ¥10 billion per year, Large: ¥10 billion or more per year

- In order to quantitatively understand the climate change risk of loans belonging to sectors that are highly impacted by climate change, we aggregate, manage, and monitor carbon-related assets quarterly based on TCFD recommendations.
- In our ESG Investment and Financing Policy, we have stipulated, with respect to investments in, and financ-

ing of, coal-fired power generation projects, which are said to have a large impact on the environment, that we will not invest in, or finance for, construction of new, or expansion of existing, coal-fired power plant facilities. Furthermore, as of the end of March 2023, we had no balances for financing projects that involve the construction of coal-fired power plants.

- Scenario analysis has been employed on a regular basis to ascertain the impact on management strategies and the Bank's finance portfolio, for example. For details, see the JAPAN POST BANK Sustainability Site\*4 and the TCFD Report.

\*4 <https://www.jp-bank.japanpost.jp/en/sustainability/environment/climate/tcfd/>



## Risk Management

- JAPAN POST BANK has introduced a Risk Appetite Framework (RAF) and positions risks related to climate change, etc., as one of the top risks facing the Bank. These risks are reflected in the Bank's management plans, and the Sustainability Management Office which has been established in the Corporate Planning Department acts as necessary following regular checks of the status of control.
- JAPAN POST BANK is advancing global asset allocations based on its ESG Investment and Financing Policy, which is based on sectors with a high level of importance for climate change and various international agreements, etc. In the years to come, the Bank

will consider enhancing this policy in order to fulfill our social responsibilities with regard to climate change as an institutional investor.

Details on the Risk Appetite Framework are provided on P. 80.

- JAPAN POST BANK is accelerating its efforts to support the reduction of greenhouse gas (GHG) emissions throughout society and to achieve net zero by 2050 through engagements with investment and financing recipient companies that have a large impact on climate change response. Examples of these engagements are described below.

Company	Main content of dialogue
Electricity sector Company A	Efforts are being made to achieve established GHG emission reduction targets. As a part of these efforts, steps are being taken to develop mixed combustion and other technologies with the aim of restarting nuclear power plants while garnering the understanding of local residents.

### Engagement Implementation Status and the Number of Representative Themes Implemented (As of the End of March 2023)

Number of companies with which engagements have been implemented	Environment (climate change)	Social (respect for human rights)	Governance (Percentage of female managers)
18	18	13	4

To fulfill its social responsibility to address environmental and social issues as an institutional investor going forward as well, JAPAN POST BANK will continue dialogue to support corporate efforts to decarbonize through engagements for continuously checking on the progress and disclosure status of corporate transition

plans and strategies. We will also continue looking for ways to enhance the content of our engagements and reflect the results thereof in our policies, etc., with the goal of helping to reduce GHG emissions across communities even more.

## Metrics and Targets

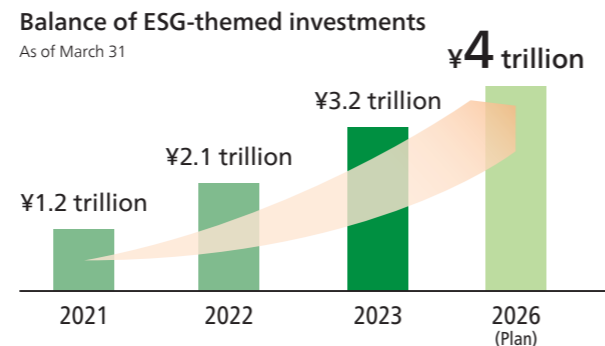
- JAPAN POST BANK announced the JAPAN POST BANK Net Zero GHG Emissions Declaration in March 2022, through which we asserted our goal of achieving net zero GHG emissions for the Bank as well as our finance portfolio by 2050. In addition, in March 2023 we established and increased our medium-term targets for GHG emissions for FY2031/3.

Classification	FY2031/3 Medium-term Target	2050 Target
Emissions for the Bank	-60% (FY2020/3 comparison) (increased from -46% (FY2020/3 comparison))	Net Zero
Emissions from the finance portfolio	Power Generation Sector Emissions Intensity 165-213 gCO <sub>2</sub> e/kWh	

## Environment

- JAPAN POST BANK set a balance of ESG-themed investments\*5 of ¥4 trillion by FY2026/3 as a target KPI under its Medium-term Management Plan.

\*5 ESG bonds (green bonds, social bonds, sustainability bonds, etc.) and loans to the renewable energy sector, regional vitalization funds, etc.



### Roadmap to Decarbonization

	- FY2023/3	FY2024/3	...	FY2026/3	...	FY2031/3	...	2050
Net zero GHG emissions for the Bank (Scope 1, Scope 2)	FY2020/3 results approx. 48kt-CO <sub>2</sub> Complete shift to renewable electricity in all our sites	Switching our car fleet to EVs, Shifting to renewable electricity, and more				UP vs. FY2020/3 -46% → -60%		Net Zero
Net zero GHG emissions from the finance portfolio (Scope3 Category 15)	FY2022/3 results approx. 27mn t-CO <sub>2</sub>	Set interim targets for FY2031/3 to help achieve economy wide reductions in GHG emissions						
Interim Target for Power Generation Sector (Emission Intensity)	FY2022/3 results 346gCO <sub>2</sub> e/kWh	Support the sector to shift through engagement				NEW 165-213g CO <sub>2</sub> e/kWh		
Interim Target for Other Sectors		Calculate results / set interim targets	Support the sector to shift through engagement			TBD		
Decarbonization through Financial Services	Contribute to solve social issues through ESG investment and financing							
Target KPI for the Balance of ESG-themed investments	FY2023/3 JPY 3.2tn	Investment and Financing		FY2026/3 JPY 4tn				
Zero-credit Balance for Coal-fired Power Generation (Project Finance)	Net Zero							

Note: Results and targets are subject to change in the future due to the upgrade and expansion of data on emissions from companies and data vendors as well as increasingly sophisticated estimation.

## Concrete steps toward decarbonization

### Environmental consideration in procurement

In our contract processes, we have made the following consideration for the environment declaration: We shall conduct procurement activities with consideration for conservation of the global and regional environment and effective use of resources, and so conduct environmentally friendly procurement. In addition, steps were taken to review the JAPAN POST GROUP's approach to procurement activities (procurement policy) in December 2018. While working to realize the 10 principles in the four fields (human rights, labour, environment and anti-corruption) defined in the UN Global Compact, we ask that our business partners give consideration toward environmental and social issues. In July 2019, we formulated and published the JAPAN POST GROUP's CSR Procurement Guidelines. We have asked all business partners to comply with these guidelines since December 2020.

### Utilizing EV and HV vehicles

JAPAN POST BANK will gradually replace its four-wheeled vehicles (gasoline-powered vehicles) employed for business activities with EV/HV and other environmentally friendly vehicles from FY2024/3. The Bank recognizes that working to reduce environmental impact through the use of clean energy will help reduce CO<sub>2</sub> emissions.

### Yucho volunteer deposits

Part of the interest received from customers is used as a donation for environmental conservation in developing countries. (Cumulative total from the launch of transactions until March 31, 2023: ¥35.75 million)

### Yucho Direct+ (plus) Non-Passbook General Account

With no issuing of a passbook, this service enables customers to use their cash cards for cash deposit and withdrawal enquiries, while current balances are obtained via "Yucho Direct". Instead of issuing passbooks, details of deposits and withdrawals can be confirmed for up to a maximum period of 20 years\*6. Since the paper used for both conventional passbooks and for the various notifications sent to customers is unnecessary, this leads to a reduction in paper usage.

\*6 For deposits and withdrawals from March 2021. (Deposits and withdrawals made prior to March 2021 can be confirmed up to a maximum period of 15 months)



### Online service for viewing transfer receipt / payment notifications

This is a service that enables customers to check transfer receipt/payment notifications and payment handling slips from 9:00 a.m. the day after the account update on an office computer, home computer or smartphone. The feedback we have received from customers has included comments like Being able to confirm transfer receipt/payment notifications via the internet is convenient, No longer needing to store hard copies of transfer receipt/payment notifications has made life easier.

Since transactions are confirmed via an online screen instead of informing customers in writing, this is also leading to a reduction in paper usage.

## COLUMN Promoting sustainability



Corporate Planning Department Sustainability Management Office

JAPAN POST BANK established the Sustainability Management Office within the Corporate Planning Department in FY2021/3.

In addition to promoting a deeper understanding of sustainability within the Bank through various measures, including study sessions for Board members as well as employee training programs that utilize information magazines and e-learning, we have also made efforts to develop a governance framework for sustainability and such new initiatives as engagement with investment recipients.

All of the Bank's branches throughout Japan formulated SDGs declarations from FY2023/3. Through various measures, including efforts to carry out each declaration, the Bank's understanding of sustainability is leading to concrete actions.

In promoting sustainability, the goal is for each and every employee to go about their work with an awareness toward the need to solve social issues with the aim of realizing the basic principle of the SDGs of leaving no one behind. This in turn is expected to help create a virtuous cycle on a continuous basis and contribute to the realization of a sustainable society.

Moving forward, JAPAN POST BANK will work in unison to promote sustainability while constantly considering what is needed to achieve its goals.

## COLUMN Yucho Eco-Communication

The Bank contributes to organizations engaged in activities that protect endangered species and conserve the environment, as well as to initiatives and awareness-raising activities related to preserving the biodiversity of tree planting as one example. Specifically, we donate a portion of the cost savings associated with reduced paper usage through Yucho Eco-Communication to certified non-profit and

other organizations throughout Japan that work with local communities on promoting environmental conservation. (Cumulative total from the start of initiatives to March 31, 2023: ¥32.5 million)



Donguri-Mongori Japan (Aichi Prefecture), tree-planting activities